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Leon Black Plays Down Ties to Jeffrey Epstein but Is Silent on 2011 Deal

By Matthew Goldstein and Jessica Silver-Greenberg

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Leon D. Black, whose Apollo Global Management is among the world's largest private equity firms, has gone to great lengths to distance himself from Jeffrey Epstein, the wealthy financier accused of sex trafficking.

In an email to employees last week and a quarterly earnings conference call and a letter to investors in the firm's funds on Wednesday, Mr. Black described his relationship with Mr. Epstein as one largely limited to tax strategy, estate planning and philanthropic advice.

"I want to emphasize that Apollo has never done any business with Mr. Epstein at any point in time," Mr. Black said in his letter, a copy of which was reviewed by The New York Times.

Most important, he wrote, "I was completely unaware of, and am deeply troubled by, the conduct that is now the subject of the federal criminal charges brought against Mr. Epstein."

But so far, Mr. Black has not discussed a company that he and his four children — as well as Mr. Epstein — invested in three years after Mr. Epstein pleaded guilty to a charge of soliciting prostitution from a minor in Florida. Mr. Epstein's financial advisory firm took a roughly 6 percent equity stake in Environmental Solutions Worldwide in 2011. Two of Mr. Black's sons serve on the board of the company, which makes emission control products, according to the company website.

A spokeswoman for Mr. Black did not have a comment.

In the weeks since Mr. Epstein's arrest in July, Mr. Black has found himself in the thorny situation of having to explain his personal business dealings with Mr. Epstein.

"Neither Mr. Epstein nor any company controlled by him has ever invested in any funds managed by Apollo," Mr. Black said in the letter.

He also denied a report, published by Bloomberg, that he had given Mr. Epstein access to Apollo's senior executives. "No other Apollo employee ever engaged Mr. Epstein or used his professional services," he wrote.

Even so, investors have taken note. One of the nation's largest public pension funds, the California Public Employees' Retirement System, or Calpers, planned a call with Apollo on Thursday to discuss Mr. Black's letter and some issues it still wants clarity on, said Wayne Davis, a Calpers spokesman.

"Clearly, we need an understanding about what the letter said and what has been in the news," Mr. Davis said. "Reputational risk is very important to us because it will impact the bottom line and that will impact us." He declined to comment further Thursday night.

Mr. Black is one of the few Wall Street and corporate titans to have issued formal statements on their connections to Mr. Epstein, who pitched himself as an investment wizard who catered to a who's who of corporate America.

But Mr. Epstein's longtime image lacks substance. In reality, he had only a few relationships on Wall Street. The most important was Leslie H. Wexner, the billionaire founder of the L Brands retail empire, which included Victoria's Secret and The Limited. For nearly two decades, Mr. Wexner gave Mr. Epstein broad and unfettered powers to invest his personal fortune — which in turn helped Mr. Epstein become fabulously wealthy.

Mr. Black, a widely respected figure on Wall Street, was also an important connection for Mr. Epstein. The two met in the late 1990s, and Mr. Epstein soon began working for Mr. Black. Over the next 15 or so years, including after Mr. Epstein's guilty plea in 2008, the two men met at Mr. Epstein's palatial townhouse in Manhattan, according to people who were there.

Mr. Black also put Mr. Epstein on the board of his family foundation, according to public charitable filings. Those documents show that Mr. Epstein stayed on the board of the Debra and Leon Black Foundation until 2012, well after he pleaded guilty in Florida. Mr. Black has described that as a paperwork error; he said Mr. Epstein stepped down in 2007, the year before his plea.

"On a few occasions," Mr. Black wrote, "I donated money to certain charitable organizations with which Mr. Epstein was affiliated, and he made contributions to certain charitable organizations that are meaningful to me."